

CITY OF SELAH
Yakima County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. Beneficial Interest Limitations Should Be Observed

During our audit we noted that the city makes purchases from a local automotive business, dba Pingrey Motor Company, in which a city council member has a beneficial interest. The following represents recent city purchasing activity with this business:

1992	\$60,057
1994 (thru 7/12)	24,402

Revised Code of Washington (RCW) 42.23.030 states in part:

No municipal officer shall be beneficially interested, directly or indirectly, in any contract which may be made by, through or under the supervision of such officer, in whole or in part . . . This section shall not apply in the following cases:

(6) The letting of any other contract . . . PROVIDED . . . That in the case of . . . a noncharter optional code city . . . the total volume of such contract or contracts . . . shall not exceed nine thousand dollars in any calendar year

We did note that when the city purchased vehicles from this business they obtained competitive quotes from other sources and determined that the quotes of this business resulted in the least cost to the city.

City officials indicated they were unaware of the statutory limitation on beneficial interest in purchases and that compliance with this requirement will increase the city's future costs for vehicle purchases and maintenance.

We recommend that the city comply with the beneficial interest limitations on purchases.

2. Delinquent Local Improvement District (LID) Assessments Should Be Foreclosed

During our audit of the city's LID activity we noted that as of January 1, 1994, there were benefited properties which were as many as six installments delinquent.

RCW 35.50.030 states in part:

If on the first day of January in any year, two installments of any local improvement assessment are delinquent . . . the city or town shall proceed with the foreclosure of the delinquent assessment or delinquent installments thereof by proceedings brought in its own name in the superior court of the county in which the city or town is situate.

City officials indicated that they were unaware of these requirements.

The city's failure to foreclose is a violation of the statutes cited and hinders the cash flow of the LID fund.

We recommend that the city proceed with the delinquent LID foreclosures as required by RCW 35.50.030.

3. Accounts Receivable Controls Should Be Improved

During our audit we noted that the city's accounts receivable systems for its local improvement assessment and municipal court time payment accounts do not utilize control totals.

A control total is a necessary part of a receivable system to ensure the integrity of the system.

We recommend that control totals be established for all accounts receivable systems of the city.